



**Financial Management Systems Improvement Council
Meeting Notes
Ontario Room
Hotel Inter-Continental
Chicago, IL
April 26, 1999**

Attendees: Tom Baranouskas-PNNL, Ralph Bonner-SNL, Bruce Chrisman-Fermilab, Roger Corless-FDH, Gregg Crockett-K-H, Bill Goodwin-LMITCO, Paul Grefenstette-WSRS, Jim Herring-LANL, Jim Lopez-LLNL, Jim Martin-DOE-OR, Brian Morishita-LMITCO, Ron Ragland-LMES, Betty Smedley-DOE-HQ

Guest Contractor: Connie Johnson-NREL

Other Guests: Jim Campbell-DOE-HQ, Kevin Danahy-KAPL, Mark Israel-Brookhaven; Dean Olson, DOE-AL, Jim Reid, Brian Sack- Brookhaven, Gary White-DOE-Bettis

Ragland:

- Introduced Connie Johnson as the guest contractor.

Smedley:

- Discussed the recommendations made by the BRC on budget validation, no year funding, and the funds distribution process. These recommendations will be posted on the FMSIC Clearinghouse website.
- GAO Travel Audit. Travel costs should remain constant per every \$1000 of funding. \$15M will be taken from travel funds and redirected into security and counter intelligence.
- Ways of reducing costs are available. A compilation of travel best practices was posted on the web. Assistant Secretaries must submit by 04/30/99 plans to reduce travel costs.
- DOE Conference Order. This order will be reworked and reissued by Management & Administration.



- **BMIS.** A teleconference was held between HQ personnel and FMSIC members to firm up the project structure and to determine ways FMSIC could assist. Because commercial off-the-shelf software will be used it was suggested the requirements definition not be over emphasized. However, requirements from the assistant secretaries must be gathered yet.
- **Reorganization of PSOs.** This was done to align sites with cognizant responsibilities.
- **Travel Accounting Audit.** Not enough interest among members to move in any direction. The original intent of this activity was to recommend to the IG that Travel Voucher audits can be less than 100% audited. More analysis required.

Bonner

- **Pension Funds Usage.** A presentation was made on the use of a Section 420 Transfer of the IRC. This Section allows pension plans which have met specified funding criteria to transfer “excess” funds to a 401h trust to pay for retiree medical expenses. The determination of funding status is made on an annual basis. Because DOE is not the plan fiduciary it cannot direct contractors to use excess funds unless the pension plans are dissolved. Lower overhead rate resulting from retiree medical expenses being paid for by the pension trust can be used for indirect activities.

Pulsipher

- **Functional Cost.** It was reported that revising the definitions, team consistency and ability of contractors to reply were improvements made to the peer review process. 10 contractors have been reviewed so far and two sites could not confirm 90% accuracy.. Question relating to the classification of cost because of contractual arrangement at each site impacted the gathering, classification and reporting of costs. Contract structure and the availability of data make the data collection and consistency difficult. Need to relook at functional costs because of the different contract forms. A due date of this reporting of December rather than November was approved. A team consisting of Roger Corless, Gregg Crockett, Paul Grefenstette, Jim Martin and Dennis Pulsipher will examine functional cost related issues. Also, need to look at the reporting of work for others/work from others. Contractors will not have to revise their data if the team finds disparities to the current methodologies.

Reid

- **Pricing of Products.** Need to have one pilot facility in place by 02/99. The intended benefit of this effort was to comply with legislation that was intended to reduce overhead rates. A proposal by FMSIC is due on June 30, 1999. Participants of this subteam included LMITCO, LANL, LLNL, LMES, PNNL and Sandia. Two



proposals need to come out of this effort. Also, BNL, ANL, and LBL will be contacted for reasons why this cannot be implemented by 10/01/99. System constraints, budget cycle and contractor change out are reasons that have surfaced thus far as to why this proposal cannot be implemented by 10/01/99. Options include (1) develop proposal that describes the reasons why this concept would be difficult to implement and may not achieve the anticipated results.. (2) Discussion paper that includes issues of implementation. It must be understood that if this proposal is implemented, DOE does not absorb variances. The subteam will revise the recommendations and then pass them by the Council. Need to include in the recommendation that another year of data will provide more data for the evaluation of this proposal.

Morishita

- FMSIC All-Contractors Meeting. Reviewed agenda and responsibilities of the Council members during the ACM.
- FMSIC All-Contractors Meeting Advisory Group. A proposal was made to the Council to establish this advisory group. The purpose of this group would be to develop recommendations for the Council that would include next year's ACM location, format, content/topic, and speakers. Virtual meetings would be conducted eliminating the need for group meeting related travel costs. The Council approved this proposal and also agreed that the FMSIC Chairman-Elect would chair this group.
- FMSIC Award of Excellence. This was also proposed to the Council that an award be presented at the next ACM recognizing outstanding work. The Council agreed to this proposal, which will recognize either an individual or team from a contractor in the area of financial operations. Once the award criteria is finalized, it will be posted on the FMSIC Clearinghouse website.

Bonner

- Other Party Identifiers For Other Federal Agency Transactions. Discussed the implications of this and Jim Campbell will request clarification of requirements. It was iterated that these requirements need to be circulated among FMSIC prior to decision making and implementation.

Grefenstette

- Statement of Federal Financial Accounting Standards Review. Paul Grefenstette made a presentation a copy of his presentation is available on the FMSIC Clearinghouse website.



- Environmental Liability Estimate and Documentation. An audit will occur in June to see if financial statements have clear opinions.
- Expansion of FMSIC membership. The Council voted to add Dean Olson, DOE-AL to the Council and to include Jim Reid's replacement. The Council also voted not to add Brookhaven National Lab to the Council and tabled a decision regarding what to do with a replacement for the LMITCO representative.
- Election of the FMSIC Chairman-Elect. Jim Lopez was elected as the FMSIC Chairman-Elect.
- Date & Location of the next FMSIC Meeting. August 31, 1999, Salt Lake City.